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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/930,913	08/15/2001	William J. Braun	24534-080000	1702

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EXAMINER

DASS, HARISH T

ART UNIT	PAPER NUMBER
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3693

DATE MAILED: 12/01/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/930,913

Applicant(s)

BRAUN ET AL.

Examiner

Harish T. Dass

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 06 September 2006.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-20 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-20 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)
Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Claim Rejections - 35 USC § 112

1. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claims 1-20 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. Particularly, claim 1 lines 8-10 and claim 17 lines 8-10 "evaluating the indicator values for the *financial* data and the non-*financial* data with respect to the plurality of financing structures to get a total score for each *financing structure* with the computer" and "means for evaluating the indicator ... for each real estate financing structure" are not clear, specially evaluating the indicator values for the non-*financial* data with respect to the plurality of financing structures.

Claim Rejections - 35 USC § 103

2. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 1-20 are rejected under 35 U.S.C. 103(a) as being unpatentable over Apgar, IV (hereinafter Apgar - US 5,680,305) in view of Julian R. Franks et al. "Valuation of Financial Lease Contracts"; The Journal of Finance, Vol. 33, NO. 2 (May 1978), pp.

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657-669 (hereinafter Franks), Ruffin et al (hereinafter Ruffin - US 6,675,149) and "Using mortgage credit to achieve client objectives", Storms, Phillip. Journal of Financial; Planning. Denver: Oct 1996.Vol.9, Iss. 5; pg. 77, 9 pgs (hereinafter Storms).

Re. Claims 1 and 17, Apgar discloses system and method for evaluating and transaction process of real estate for purchase, lease, and/or use by business and negotiating lease or buy component [col. 1 lines 7-15, 40-47; figure 1 and associated description], and

inputting information into a means for processing the information wherein the information comprises financial data (price, cost) and non-financial data (grade, area, risk) relating to the real estate asset [col. 15 lines 42-47; col. 1 lines 53-58 (options, constraints)],

processing the financial data and the non-financial data into indicator values representing the financial data and the non-financial data with the computer [col. 2 lines 38-41 (five indicators); col. 16 lines 21-33 (process actuators)],

evaluating the indicator values for non-financial data with respect to the plurality of financing structures (lease/buy/ownership) to get a total score for each indicator with the computer [Figure 21; col. 1 lines 23-31 (example); col. 7 lines 24-27 (SF/employee); col. 8 line 60 to col. 9 line 5 (rent/square feet); col. 3 lines 4-13 (see "Tenancy Status", occupies, owns and "Encumbrances", lien); also rent/employee and risk indicator], and

outputting the total scores [col. 16 lines 34-48; col. 2 lines 59-61] for each financing structure (indicators, price) to compare the total scores of for each indicator [col. 17 lines 8-10; col. 19 lines 31-46].

a database comprising information relating to real estate financing structures [col. 3 lines 20-32].

Apgar, additionally, discloses price, cost and financing structure (ownership/encumbrance, also see fourth risk indicator), but does not explicitly disclose providing a plurality of financing structures; evaluating the indicator values for the financial data with respect to the plurality of financing structures;

outputting the total score for each financing structure from the computer to compare the total scores of all financing structures to obtain an optimal financing structure for procuring the real estate asset.

However, Financing real estate using borrowing, mortgage financing, partnership and payment by cash (some counties where banks do not finance), buy to rent and price of real estate based on location, etc. are known, still analytic approach for best financing structure is done by one ordinary skill in financing and mortgage analysis.

Franks disclose providing a plurality of financing structures (lease vs. buy), and evaluating the indicator values for the financial data (lease payment, interest, tax factors, cash flow, optimizing lease payment) with respect to the plurality of financing structures (see entire document 13 page or at least see the underlines) to provide analytic analysis and tools for plurality of financing structures (lease vs. purchase) and impact of tax rate; interest rate to borrow, etc. on lease vs. purchase. It would have

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been obvious at the time the invention was made to a person having ordinary skill in the art to modify the disclosure of Apgar and include evaluating the indicator values for the financial data with respect to the plurality of financing structures, as disclosed by Franks, to include cost of borrowing, lease payments and analytically evaluate the advantages and disadvantages of plurality of financing structures depending on company's (entity's) taxable income, use of property and decision to buy or lease a real estate.

Ruffin discloses outputting the total score and compare the total scores [Figure 2 (#201, 207-208), 4 (# 405, #403g), 9: C1 L15-L30; C3 L1-C4 L48 -- see solution proposal, financial services, different type of business service or solution scenarios, financial tools; C18 L12-L25 see financial modeling] to generate ranked score for facilitating the selection of one or more of the product. It would have been obvious at the time the invention was made to a person having ordinary skill in the art to modify the disclosures of Apgar and Franks, and include outputting the total score and compare the total scores for different conditions to evaluate the variance in the results obtained by using different evaluating factors and generate ranked score to facilitate selection decision.

Storms discloses purchase computer systems, and financing structures to obtain an optimal financing structure for procuring the real estate asset [see page 1-9 particularly pages 3, 5-6, 8] to obtain best (optimal) and most efficient financing with attractive rates. It would have been obvious at the time the invention was made to a person having ordinary skill in the art to modify the disclosure of Apgar, Franks and

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Ruffin include obtain an optimal financing structure for procuring the real estate asset, as disclosed by Storms, to obtain an optimal financing (best and most efficient) based on evaluations for a given property, decision to buy or rent and ranking scores of different evaluation to get a best (optimal) financing decision to maximize the income (gain) for the company/entity who is seeking a real estate either for a rent of buy.

Re. Claims 2, Apgar discloses assigning and applying weights to the indicator values that represent the importance of the financial data and the non-financial data for each financing structure [Figures 3, 5, 20; C8 L49 to C9 L5; C11 L17-L18; C17 L37-L67], and evaluating the weighted financial data and the non-financial data to get a total score of the financial data and the non-financial data for each financing structure [Abstract; Figures 20-21; C5 L20-L31].

Re. Claims 3, Apgar discloses wherein the financing structures comprise an ownership financing structure and a leasehold financing structure [C2 L62 to C3 L14; C22 L20 to C23 L59].

Re. Claims 4-6, Apgar discloses business entity ownership, small, large, bank, insurance, etc. (wherein the financing structures may be selected from the group consisting of: ownership using corporate funds, ownership with debt, a real estate investment trust, a partnership, a joint venture, a short-term lease, a long-term lease, a

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credit sale/leaseback, a tax-motivated leveraged lease, and a synthetic lease) [C3 L50 to C4 L24].

Re. Claim 7, Apgar discloses manipulating the financial data into performance metrics and assigning weights to the performance metrics to determine a financial data total score [Figure 14 # 382; C24 L58-L58; C31 L14 to C32 L32].

Re. Claim 8, Apgar discloses changes in capital markets structure lead to reevaluation of real estate investments, including interest rates, real estate supply and demand, and investment rates of return (wherein the financial data is selected from the group consisting of: a net present value after tax factor, an economic value-added factor, a total debt to capital factor, a capital requirement factor, a P&L cost impact factor, an EBIT interest coverage factor, an EBITDA interest coverage factor, a free cash flow to total debt factor, a funds from operations to total debt factor, a diluted EPS from continuing operations factor, an operating profit/net sales factor, a return on assets factor, a return on equity factor, and a return on total capital factor) [C3 L35 to C4 L61].

Re. Claim 9, Apgar discloses square footage data representing square footage of the Real Estate (wherein the non-financial data is selected from the group consisting of; a strategic importance factor, a facility size factor, a replacement cost factor, a degree user specific factor, a market value/book value factor, a length of commitment factor, a certainty of occupancy factor, a flexibility factor, a market conformance factor, a size of

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market factor, a quality of market factor, and a rent/value trend factor) [C3 L35 to C4 L61].

Re. Claims 10-16, Storms, further disclose a) wherein the information relates to financial data of the entity desiring to procure the real estate asset [see examples]. Apgar, Franks, Storms or Ruffin does not explicitly disclose b) evaluating the entity desiring to procure the real estate asset (loan approval) and the real estate asset for the financial and the non-financial data, c) evaluating the real estate asset and the entity desiring to procure the real estate asset, and designing a model that processes the financial and the non-financial information into the indicator values, d) wherein the evaluation of the entity comprises reviewing documentation of the entity and interviewing personnel from within the entity, e) processing the financial factors into performance metrics of the entity desiring to procure the real estate asset, f) converting the financial information into standardized units prior to assigning the indicator values to the financial information, and g) performing a sensitivity analysis of performance metrics for each financing structure. However these are known steps in real estate dealing and real estate practice in other word: a) wherein the information relates to financial data of the entity desiring to procure the real estate asset (is a loan application; example Uniform Residential Form application form 1003), b) evaluating the entity desiring to procure the real estate asset (loan approval) and the real estate asset for the financial and the non-financial data (is property appraisal), c) evaluating the real estate asset and the entity desiring to procure the real estate asset, and designing a model that processes the

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financial and the non-financial information into the indicator values (are document preparation for underwriting), d) wherein the evaluation of the entity comprises reviewing documentation of the entity and interviewing personnel from within the entity (is underwriting), e) processing the financial factors into performance metrics of the entity desiring to procure the real estate asset (is underwriting), f) converting the financial information into standardized units prior to assigning the indicator values to the financial information (is underwriting), and g) performing a sensitivity analysis of performance metrics for each financing structure (is underwriting). It would have been obvious at the time the invention was made to a person having ordinary skill in the art to modify the disclosure of Apgar, Franks, Storms & Ruffin and include steps b-g to provide evaluation method for real estate transaction such as leasing, rent, purchase, etc. which complies with modern real estate practice where different parties are involved.

Re. Claim 18, claim 18 is rejected with same rational as claim 2.

Re. Claim 19, claim 19 is rejected with same rational as claims 4-6.

Re. Claim 20, claim 20 is rejected with same rational as claim 9.

Response to Arguments

3. Applicant's arguments with respect to claims have been considered but are moot in view of the new ground(s) of rejection. Applicant has amended the claims.

Conclusion

4. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

5. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure. Applicant is required under 37 CFR ' 1.111 (c) to consider the references fully when responding to this action. In case applicant does not acknowledged, it is assumed the prior art(s) are considered.

Dan Emerson "Buy or lease or something in between"; Plants, Sites and Parks. New York: Feb/Mar 1999. Vol.26, Iss. 1; pg. 47, 4 pgs. discloses "Real Options in Real Estate", to buy or lease? It's an increasingly common question among growing companies that need additional commercial or industrial real estate, and for companies whose work force, production

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and/or revenues may be trending in the opposite direction. Twenty or 30 years ago it was much more common for companies to own their commercial or industrial facilities. But in today's environment of rapid change and shorter business and product cycles, companies want to stay nimble. In many cases, that means leasing rather than owning. The "buy or lease" question is almost never a simple one to answer. Experts say choosing the best course of action means considering a number of interrelated factors beyond short-term financial considerations, especially the company's strategic goals and objectives. Analyzing the financial ramifications of a potential lease means answering the question: Will it cost the company more or less to lease than to buy outright? That involves calculating the net present value of the cash outlay over the term of the lease and comparing this number to the cost of borrowing to purchase the asset. Net present value is the total of the cash flow involved in the transaction, discounted to today's dollars. Emerson additionally discloses: Sale and Leaseback, Location's Influence, Synthetic Leasing, Choosing an Investment Partner, favorable financing structure, and the decision on whether to lease or buy real estate "really depends on each specific client and all the factors related to their real estate needs,"

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Harish T. Dass whose telephone number is 571-272-6793. The examiner can normally be reached on 8:00 AM to 4:50 PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James P. Trammell can be reached on 571-272-6712. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

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Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

Harish T Dass
Examiner
Art Unit 3693

11/20/06


ELLA COLBERT
PRIMARY EXAMINER